GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:3439
ANSWERED ON:23.12.2008
IRREGULARITIES UNDER KHADI SCHEME
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the Government has received any complaint about the misuse of funds and irregularities under the various schemes for development of Khadi;

(b) if so, the total number of such cases registered during each of the last three years;

(c) the details of action taken against the accused including departmental inquiry and the outcome thereof; and

(d) the steps taken by the Government to monitor the funds meant for Khadi in future?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MICRO,SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a) & (b): During the course of budget discussions with khadi institutions and integrated audit conducted by the internal machinery set in place by Khadi and Village Industries Commission (KVIC), irregularities pertaining to about 253 khadi institutions have been noticed for violation of Certification Rules.

(c): The detailed status of action taken in respect of these irregularities is indicated below:

(i) Khadi programme is implemented by khadi institutions,which are registered independent agencies. As per the Bye-laws adopted by these Institutions,they have to abide by the Khadi Certification Rules. Violation of any Rule of these Certification Rules,is considered as irregularity.KVIC has cancelled the Khadi certificates of about 73 Khadi Institutions

(ii) To verify the adherence of various conditions in Khadi Certification Rules and other related issues, an integrated audit system is in vogue in KVIC, which ensure that the assistance provided to the implementing agencies is not misutilised and the provision made in the Khadi Certification Rules are strictly adhered to by the implementing agencies.

(iii) Khadi and Village Industries Commission Act, Section 19-B also stipulates that any sum payable to the Commission under any agreement expressed or implied,or otherwise howsoever,may be recovered in the manner as an arrear of land revenue. Accordingly,KVIC has initiated legal recovery action against 73 Khadi Institutions, located in different parts of the country.

(iv) In accordance with the provision of Central Vigilance Commission Manual,the cases are investigated and if it is proved that there is substance in any complaint,then charge-sheets are issued and departmental inquiry is held and action taken according to the Khadi and Village Industries Commission Employees`(Classification, Control and Application) Regulations.Penalties are imposed in accordance with the decision of the disciplinary authority.

(v) Internal control mechanism has been put in place to ensure regular monitoring of funds released to Institutions and such internal audits are conducted every year to ensure that fimds released for specific purpose have been utilized for the same. If any misutilisation is reported, recoveries are effected.

(vi) In every field office of KVIC,a vigilance mechanism has been put in place;in addition to the audit conducted by the officers deputed by the Comptroller and Auditor General of India. Remedial action is instituted whenever irregularities are reported.

(vii) The Planning Commission and Ministry of Micro, Small and Medium Enterprises also conduct review of KVI activities / its functioning,periodically and KVIC is asked to take remedial measures for shortfall in performance, etc.

(viii) As far as departmental inquiry is also conducted against the officials of KVIC,against whom such complaints are reported,details of various complaints received, action taken in the case of departmental officials by the KVIC,for the last 3 years are given below:

Year Total Departmental Complaints

Opening balance | Received during the | Disposed during the | Balance

year	year			
2005-06	3	23	2	24
2006-07	24	4	4	24
2007-08	24	2	9	17

All the above cases are at the various stages of examination in KVIC.

(d) : KVIC has issued detailed guidelines in order to avoid any diversion of funds,meant for khadi. Further KVIC has also formulated Khadi Code for institutions and audit process is strengthened. Expenditure and utilization of funds are reviewed in the Commission meetings and by the Ministry regularly.